DOCUMENT RESUME

ED 295 233 CS 506 170

AUTHOR Wicks, Robert H.
TITLE Product Matching in Television News Using Benefit Segmentation.
PUB DATE 3 Jul 88
NOTE 24p.; Paper presented at the Annual Meeting of the Association for Education in Journalism and Mass Communication (71st, Portland, OR, July 2-5, 1988).
PUB TYPE Speeches/Conference Papers (150) -- Reports - Research/Technical (143)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Advertising; *Audience Analysis; Demography; *Marketing; Mass Media Effects; Merchandising; News Media; *Television Commercials; Television Surveys; Television Viewing
IDENTIFIERS Advertising Effectiveness; Audience Awareness; *Benefit Segmentation; Demographic Projections; *Local News; Television News

ABSTRACT

Because local television news appears to be resilient to audience erosion, programmers may find it beneficial to develop strategies that are accommodating to the interests of audience segments. This also suggests that advertisers may communicate more effectively with consumers sorted according to benefit orientation. After telephone interviews were conducted to generate a set of statements pertaining to local television news, subjects, 508 respondents interviewed in two midwestern shopping malls, were given a five-point Likert scale pertaining to the statements. Cluster analysis was used to classify objects or variables into groupings. Results demonstrated that the means are available to define and evaluate systematically the composition of segments for television news, specifically that: (1) audiences can be sorted into discrete benefit-oriented segments; (2) benefit-based segments can be linked to specific product types or categories; and (3) certain demographic characteristics can be linked to the benefit segments. (One table of data and three figures are included, and 24 references are appended.) (MS)

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PRODUCT MATCHING IN TELEVISION NEWS USING BENEFIT SEGMENTATION

By

Robert H. Wicks

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Presented at the AEJMC Annual Convention, Advertising Division, Portland, Oregon on July 3, 1988.

Robert H. Wicks is an Assistant Professor of Journalism at Indiana University.

Correspondence to the author at:

School of Journalism
Ernie Pyle Hall
Indiana University
Bloomington, IN 47405

Telephone: 812-335-1725

CS 504 170

PRODUCT MATCHING IN TELEVISION NEWS USING BENEFIT SEGMENTATION

ABSTRACT

The "new media" are having a profound effect on broadcast television. Viewership of network programming continues to decline as cable penetration increases. Videocassette recorders continue to proliferate as people learn to tailor programming to their individual uses and needs.

Television stations may soon recognize that local television news is one domain which is resilient to audience erosion, and that individualized "news formats" may be a useful means of attracting specific "audience segments." Such a programming strategy would appear to make sense in a media environment in which consumers are becoming accustomed to programs tailored to their tastes and interests.

This study demonstrates a segmentation base available to media planners. It suggests that "benefit-based segmentation" is capable of defining audiences according to the perceived product attributes associated with the news viewing experience. It argues that advertisers may take advantage of a segmented news market. Finally, it explores demographic heterogeneity and homogeneity with respect to the benefit-based segments.

INTRODUCTION

The practice of targeting specific broadcast television audience segments with customized advertising appeals is not new. A Saturday afternoon football game would be less than complete without a barrage of beer commercials. A seemingly endless stream of breakfast cereal and toy commercials adorn the Saturday morning cartoon program line up. Advertisements for laundry soaps interspersed throughout the weekday dramatic serials inspired the term "soap opera." Indeed, advertisers have long recognized the wisdom of targeting demographically homogenous audience segments with specific types of commercials.

But television news programs have generally been produced with the mass market in mind rather than specific market segments. This is because television news has historically attracted demographically heterogeneous audiences (Frank and Greenberg, 1979; 1980). But as Domzal and Kernan (1983, p. 47) have observed, broadcasters must recognize that the notion of programming for the "mass audience needs correction." Programmers are becoming increasingly aware of the need to accommodate the interests of audience segments.

Television station management may soon recognize that consumers who have grown accustomed to programming their own media environment through cable and videocassette recorders want more customization with respect to local news. Such a notion is not without historic precedent. The ABC Radio Network provides six news services tailored to the program format of the

affiliates. Ted Turner offers viewers a choice between Headline news and CNN. Local stations may wish to expand upon this idea by producing an assortment of newscasts for an array of sub-audience segments. Indeed, such an approach may serve as an efficient means of stemming the erosion of viewership to the "new media."

Benefit-based segmentation is a strategy capable of grouping consumers according to these product attributes or benefits (Haley, 1968). Haley (1985) suggests that advertisers may communicate more effectively with consumers sorted according to benefit orientation. This article will present a scenario in which the news market is segmented using the benefit segmentation approach. It will then illustrate the means by which advertisers may effectively respond to this segmented market by matching the appropriate advertising appeals with the proper market segment.

LITERATURE REVIEW

Smith (1956) noted in his seminal work that success in planning marketing strategies requires precise utilization of both "product differentiation" and "market segmentation" principles. A product may be viewed as a "bundle of tangible or intangible features which, together with the service extras and symbolic characteristics, is meant to satisfy consumer wants" (Rachman and Romano, 1980, pp. 248).

Robinson and Levy (1986, p. 179) report that the core of the television news product contains a mixture of "contrasting or even conflicting news stories." Additional or "augmented"

components of the news product might include the personality of the news anchor or slick production values. Hence, the total news program is a complex bundle of benefits such as information, entertainment, production values, personalities, perceptions of credibility and the like.

Audience-measurement firms such as the A.C. Nielsen Company and the Arbitron Television Company report viewership patterns according to conventional demographic variables such as age and gender. However, a variety of studies (Boote, 1981; Anderson, 1971; Bieda and Kassarjian, 1969; and Peters, 1970) have shown that demographic variables are marginally useful as segmentation bases. Furthermore, Frank and Greenberg (1979; 1980) have reported that television news programs tend to attract a demographically heterogeneous audience.

"Lifestyle" and "psychographics" have been used as segmentation bases since the 1960's. Lifestyle may be viewed as a composite variable that results from factors such as culture, values, activities, opinions and interests which embody "the patterns that develop and emerge from the dynamics of living in society" (Lazer, 1963, p. 140). Psychographics refers to a broad range of general psychological and personality variables. Wells (1974 p. v) has attempted to differentiate between the two concepts by characterizing psychographics as the "development of psychological profiles of consumers" and lifestyles as "the distinctive modes of living of a whole society or its segments."

A variety of researchers (Plummer, 1971, 1974; Tigert, Lathrope and Bleeg, 1971) argue that cognitive bases such as lifestyle and psychographics might offer theoretical explanations

not possible with descriptive measures such as demographics. However, these bases have been quite erratic. Weisenberger (1977) formed lifestyle segments but found few "significant differences in manifest [purchase] behavior." Using inexpensive household items such as soft drinks and soap, he reported that for the "low involvement, brand-dominated product categories, general lifestyle characteristics may not offer enough discrimination between segments" (Weisenberger, 1977, p. 119).

Many researchers (Krugman, 1966; Grass and Wallace, 1974) contend that television is a "low involvement product." Television is aimed at passive viewers unlike newspapers which require an exertion of energy by the reader. A fundamental aspect of product involvement concerns the "perceived risks" associated with purchasing a product. But television news consumers do not "purchase" news in the classic sense. The primary cost to the consumer is the investment of time. Hence, the risk associated with product use or non-use would be expected to be quite low for most people.

Benefit segmentation enables market researchers to sort individuals according to their information-processing skills and tendencies. A main objective of market segmentation strategies is to group people by a base (or segmentation criteria) "which will enable the sender to predict responses to advertising messages" (Haley, 1985, p. 25). Benefit segmentation may be useful in providing guidance on how news content and advertising spots should be written such that they will be efficiently processed by the appropriate target segment.

RESEARCH QUESTIONS

The preceding discussion raises three fundamental questions. The first concerns the practicality of segmenting news audiences. As Frank and Greenberg (1980) have noted, television newscasts tend to attract an audience containing individuals with vastly differing demographic profiles. The upscale and the poor, males and females, professors, lawyers and high school dropouts all watch local television news programs. Is it possible to sort this demographically heterogeneous mass audience into segments seeking the same (or similar) benefits from television news?

Specifically:

R.1 Can the overall television news market be sorted into discrete benefit-based audience segments?

The second question concerns the relative utility of these segments. Would these segments be useful to prospective advertisers?

Specifically:

R.2 Can these benefit-based segments be linked to specific product types or categories?

The final question concerns the composition of the segments with respect to demography. Are these segments demographically homogenous?

Specifically:

R.3 Can demographics be linked to membership in benefit-based television news segments?

METHODOLOGY

Item Pool Generation

Data collection was conducted in the Lansing, Michigan television market. Telephone interviews were conducted to generate a set of statements pertaining to local television news. The telephone numbers were selected using a systematic sampling technique which assured that each individual in the directory had an equal opportunity of being contacted. The item pool resulted in a set of 112 non-redundant items.

The following statements represent a sample of the type of items generated during the survey:

* A big benefit of television news is that you can catch up quickly on the news without too much effort.
* I enjoy seeing family oriented stories with happy endings.
* The weather forecast is very relevant for me because it helps me to plan ahead.

The item pool was reduced to 50 items using a "task force survey" (Haley, 1985). This procedure involved asking a panel of "expert judges" to vote for phrases he or she believed were most important for inclusion. The judges were news managers and professors or instructors of journalism and marketing. Items with similar themes were grouped together. The judges were then asked to vote for the phrases that were most clear and easy to comprehend. They were limited to selecting no more than one statement for every three items.

Eight demographic questions and two media usage scales were included on the final questionnaire. A five-point Likert scale

was adopted with values ranging from "strongly agree" to "strongly disagree." A pretest to assess instrument clarity and to evaluate risks associated with respondent fatigue was conducted at an enclosed Midwestern shopping mall. The pretest indicated that the language was clear and that average respondent could complete the questionnaire in about seven minutes.

Statistical Techniques

Survey data were collected from 508 respondents over a four-day period at two enclosed Midwestern shopping malls in the winter of 1987. The sample was split in half with odd-numbered questionnaires designated as Sample 1 and even-numbered questionnaires designated as Sample 2. An initial principal-axis factor analysis with Varimax rotation was performed on Sample 1 to draw out the benefit factors associated with news viewing. Items loading on a factor at the .60 level were retained. Items which loaded on more than one factor were eliminated. The procedure assured that the minimum difference between loadings was never less than .30 (Gorsuch, 1974, pp. 186-194). Twenty-seven of the original items were ultimately retained.

Both samples were then submitted to independent factor analyses to assess factorial invariance between the samples. The split-half technique suggested the presence of five invariant factors representing dimensions associated with (1) sports (2) credibility, (3) reinforcement, (4) production, and (5) weather. Eigenvalues ranged from a low of 1.7 for weather to a high of 5.5 for sports. The five factors accounted for 59

percent of the total variance for Sample 1 and 50 percent for Sample 2. Sample 1 was designated as the working sample (Deming, 1956). The results of the factor analysis and the loadings for the sample are presented (See Table 1).

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Table 1 About Here

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Reliability estimate coefficients using Cronbach's Alpha for the five factors ranged from a low of .81 (production) to a high of .90 (both sports and reinforcement). Audience clusters based on the factors were generated by summing and averaging the items comprising each factor (Haley, 1985, pp. 220). The SPSSPC+ Quick Cluster Program was utilized to generate several cluster solutions.

RESULTS

Cluster analysis is used to classify objects or variables into "natural" groupings. The groupings should have a high degree of within-cluster homogeneity and between-cluster heterogeneity. Hence, a good cluster solution would be one in which the segments are large enough to have marketing utility while being mutually exclusive (Haley, 1985). A four-segment solution was ultimately adopted. Segment 1 (N=8) appeared to be a residual segment and was eliminated. The three remaining segments contained 133 cases (52 percent), 93 cases (37 percent) and 20 cases (8 percent).

A one-way analysis of variance was performed for each of the benefit factors. The results suggested that each of the factors was sufficient to differentiate between segments and that each segment was internally homogenous with respect to benefit orientation. The F-ratios suggested that sports, was the best discriminator, followed by reinforcement, weather, production and credibility. Members of each segment rated weather information as an important benefit of the overall news package. Weather information might therefore be viewed as a cultural constant--an essential component of the overall news package.

Discriminant analysis was then employed to analyze the demographic composition of the benefit segments. Two significant functions emerged from the analysis. Function 1 was related to education and function 2 was is associated with gender. Chi-square analyses suggested significant differences between the segments based on education ($p<.001$) and gender ($p<.05$).

Education would be useful in three out of four cases for the purpose of classifying individuals into a homogenous segment of individuals seeking the same or similar benefits from television news. To clarify, 75 percent of those individuals with advanced degrees would fit most appropriately in Segment 4. These individuals place great importance on the factor associated with credibility. Gender which was also significant would be only marginally useful in predicting membership in Segments 2 and 3.

Segment 2

With respect to benefit orientation, Segment 2 (N=133) might be characterized as "sports and entertainment-minded news viewers" (See Figure 1). Consider the characteristics of the segment:

* Segment 2 is the largest segment (N=133).
* Segment 2 is male-dominated (56 percent).
* Segment 2 is largely blue collar/technical.
* Segment 2 contains members who are heavy broadcast news consumers.
* Segment 2 places a premium on sports information.
* Segment 2 values reinforcing information.

This segment represents a large group of individuals who are partial to sports and reinforcing information. Reinforcement refers to information that focuses on "good news" (See Table 1). It generally concerns information which reinforces the belief that ones community and the world is a good place in which to live. This segment tended to be heavy users of television news (See Figure 1).

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Figure 1 About Here

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It would be appropriate for sporting good manufacturers and retail outlets, beer companies, automotive suppliers, and the like to target this segment. But while this segment is largely male, it also contains a good number of women (44 percent).

Hence, automobile and appliance advertisements would also be appropriate if inserted in the newscast targeted for Segment 2.

Segment 3

With respect to benefit orientation, Segment 3 (N=93) might be characterized as "reinforcement-minded news viewers" (See Figure 2). Consider the characteristics of Segment 3:

* Segment 3 is largely female (65 percent).
* Segment 3 values reinforcing information and finely produced programming.
* Segment 3 controls the "purse strings" in many households.
* Segment 3 is a moderate-to-heavy user of television news.
* Segment 3 does not value sports programming.

Segment 3 represents a group of people who are indifferent toward (if not opposed to) sports programming. But as with Segment 2, they are attracted to reinforcing information (See Figure 2).

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Figure 2 About Here

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The program targeting this segment might be aimed largely at the female audience since this segment is dominated by women (65 percent). Cosmetics, beauty aids, tanning salons and health spa's might find a good fit as a sponsor for a program designed to satisfy this segment. Grocery stores and other retail establishments may also decide to advertise a program tailored to target Segment 3.

Segment 4

With respect to benefit orientation, Segment 4 (N=20) might be characterized as "credibility-minded news viewers." Segment 4 (N=20) was unique in terms of both demographics and news benefit orientation from the other two segments. Sports information was the least important benefit factor for this group. This segment was distinguished by its concern for credibility--the dominant benefit (See Figure 3).

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Figure 3 About Here

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Segment 4 is relatively small but should not be overlooked by the prudent station programmer or advertising agencies. Consider the attributes of Segment 4:

* Segment 4 values credibility in news programming.
* Segment 4 is financially well off (more than half reported household incomes exceeding $30,000 and one-third reported annual household incomes exceeding $60,000).
* Segment 4 is comprised of primarily of professionals and executives.
* Segment 4 was highly educated (63 percent held graduate, law or medical degrees).
* Segment 4 is a heavy user of newspapers.
* Segment 4 is a moderate user of television news.
* Segment 4 is relatively young (84 percent were between the ages of 25 and 44--a highly coveted target market).
* Segment 4 was exclusively white (not a single black, Hispanic or other minority was among the members of this segment).
* Segment 4 contains many suburbanites (58 percent).

While this group is small (8 percent), it is also influential. This segment may be the most important for certain advertisers and product types. The advertising agency for Mercedes Benz or the Aspen condominium developer would be interested in placing spots within a news program targeting Segment 4. Such a news program would be expected to attract viewers from the appropriate social strata--those with the economic resources to purchase such products.

This segment tended to be heavy newspaper readers with a large majority (58 percent) reading a newspaper six or more times per week. They tended to be more conservative in their news viewing habits--about one quarter (26 percent) were heavy viewers while the majority (42 percent) were moderate news viewers.

DISCUSSION

With respect to the first research question, this demonstration suggests that audiences can be sorted into discrete benefit- oriented segments. The second question concerning the segment utility can also be answered in the affirmative. Logical connections with respect to the segments and particular products can be drawn. And finally, certain demographic characteristics can be linked to the benefit segments.

Local television stations rely on the news to generate from 35 to 50 percent of the overall revenue (Rosenberg, 1984, p. 49). The amount of time allotted to news programming has more than doubled in the span of two decades (Bower, 1985). Independent stations choosing to produce local news increased by 13 percent

between 1986 and 1987. Taken together, these trends suggest that stations will continue to place a premium on local news for the forseeable future and that the amount of television news will continue to increase. And in an increasingly competitive and congested marketplace, segmentation strategies would seem to be the means by which programmers will carve out a viewership niche.

The scenario presented in this article illustrates a real possibility in the new media environment--news programs catering to specific audience segments. As radio broadcasters in the 1940's discovered, it was essential to develop a differentiated product targeted at sub-segments of the overall market in order to survive. The CBS news program "West 57th Street" may already be practicing such a strategy by targeting the young upwardly mobile segment. The very existence of such a program suggests that the networks are acutely aware of the dangers of viewership erosion to competing media.

This article has demonstrated that the means are available to systematically define and evaluate the composition of segments for television news. Progressive advertisers may take advantage of these programming decisions by properly placing and tailoring messages to accommodate the segment likely to watch the program. Segmentation of the news audience is perhaps already long overdue. Personal computers can now perform the statistical analyses necessary to define audience segments. Advertisers who take advantage of programming aimed at specific segments stand to be the big winners in the new media environment.

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TABLE 1: Items Comprising Factors

Factor 1: Sports

A benefit of the news is to keep up on sports.	(.89)
I like sports stories that spotlight individual athletes.	(.81)
Sports is the most entertaining part of the newscast.	(.80)
I pay attention to sports scores to find out if my favorite teams have won.	(.74)
I think stories about local high school sports are entertaining and fun to watch.	(.68)

Factor 2: Credibility

I like professionalism in local newscasts.	(.80)
Television news in Lansing seems quite amateur to me.	(.77)
Some newscasters spend too much time joking around; they should just stick to the news.	(.74)
It's important for local newscasters to be news professionals.	(.67)
I think newscasters lose credibility when they mispronounce the names of towns or local people.	(.64)

Factor 3: Reinforcing News

I really enjoy human interest stories about interesting ordinary people from around the area.	(.89)
People-oriented news stories and features are interesting.	(.84)
I find stories about local good Samaritans and positive aspects of community life to be very entertaining.	(.76)
I enjoy seeing family oriented stories with happy endings.	(.64)

Factor 4: Production Considerations

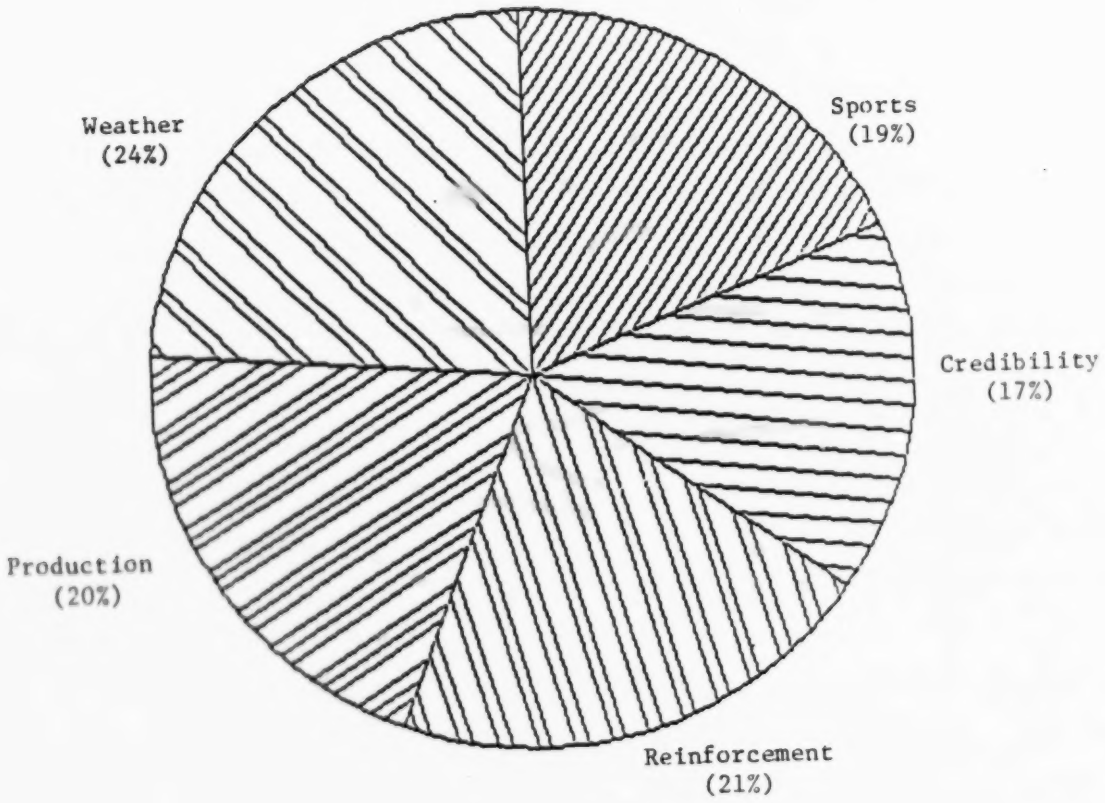
Live news pieces give the impression that the television station is on top of the story.	(.76)
A big benefit of television news is that you can catch up quickly on news without too much effort.	(.76)
A benefit of television news is that it shows you what is happening--you can see the story with your own eyes.	(.63)
I try to get to a television when something important has happened because television news gets to the story first.	(.66)
I enjoy television news presented in a casual manner.	(.55)

Factor 5: Weather Information

The weather forecast is very relevant for me because it helps me to plan ahead.	(.78)
A major benefit of television news is finding out what is in store in terms of the weather.	(.97)

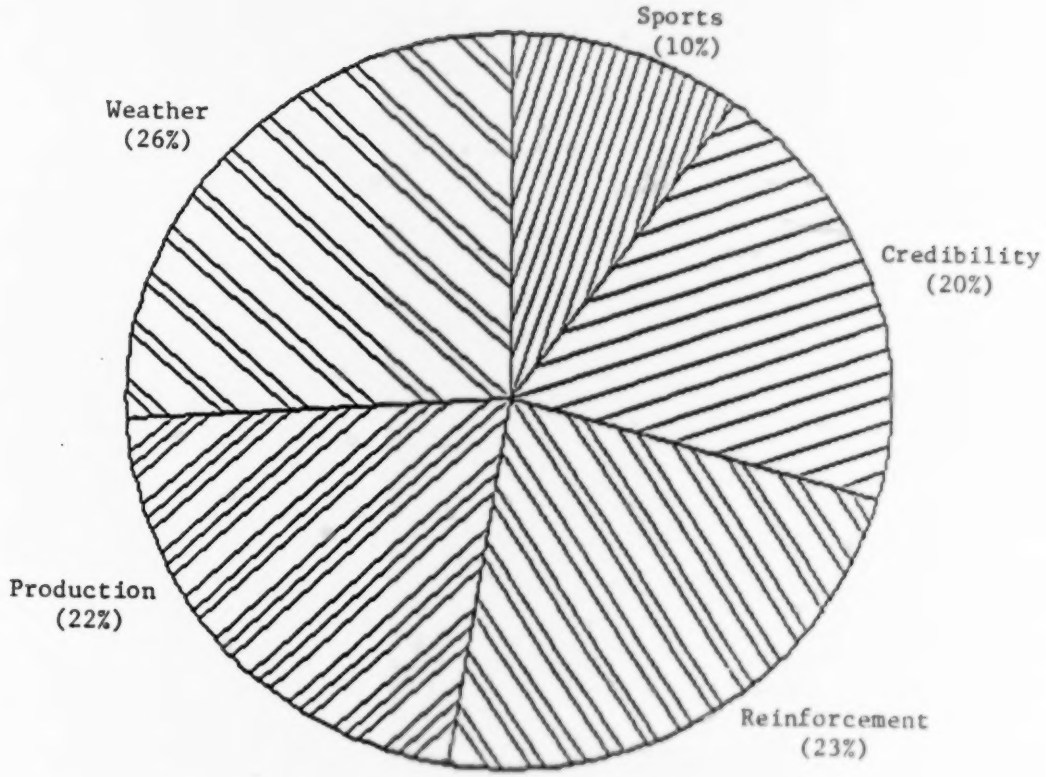
Table 1 presents the Varimax-rotated factors with loading for the sample.

FIGURE 1



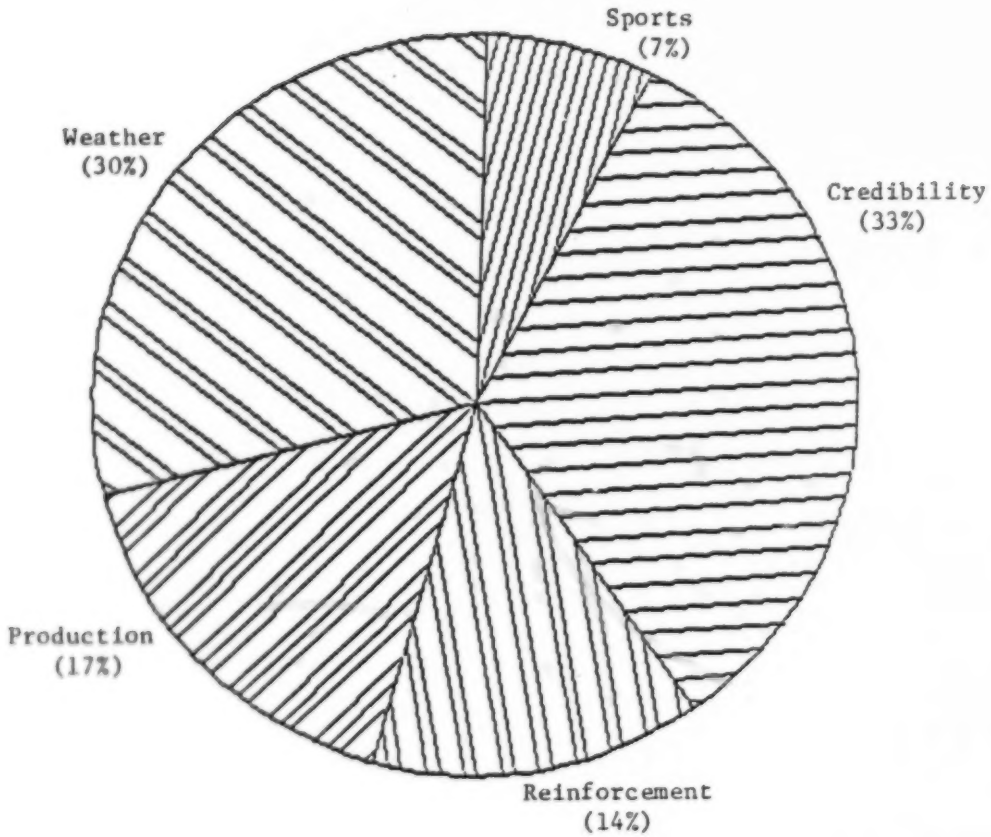
Segment 2 (N=133) Sports and Entertainment-Minded News Viewers:
Most important benefits: weather, sports and reinforcement

FIGURE 2



Segment 3 (N=93) Reinforcement-Minded News Viewers:
Most important benefits: Weather, reinforcement and production

FIGURE 3



Segment 4 (N=20) Credibility-Minded News Viewers:
Most important benefits: credibility and weather